

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

B

W-01275A
Berneil Water Company
P. O. Box 219
Tempe AZ 852800219

ANNUAL REPORT
RECEIVED

MAR 28 2005

AZ Corporation Commission
Director Of Utilities

FOR YEAR ENDING

12	31	2004
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FOR COMMISSION USE

ANN04	04
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COMPANY INFORMATION

Company Name (Business Name) <u>BERNEIL WATER COMPANY</u>			
Mailing Address <u>P.O. BOX 219</u>			
<u>TEMPE</u> (City)	<u>ARIZONA</u> (State)	<u>85280-0219</u> (Zip)	
<u>480-966-5804</u> Telephone No. (Include Area Code)	<u>480-967-7857</u> Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address _____			
Local Office Mailing Address <u>P.O. BOX 219</u>			
<u>TEMPE</u> (City)	<u>ARIZONA</u> (State)	<u>85280-0219</u> (Zip)	
<u>480-966-5804</u> Local Office Telephone No. (Include Area Code)	<u>480-967-7857</u> Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address _____			

MANAGEMENT INFORMATION

Management Contact: <u>NEIL FOLKMAN</u>				<u>VICE PRESIDENT</u>
(Name)				(Title)
<u>P.O. BOX 219</u> (Street)	<u>TEMPE</u> (City)	<u>ARIZONA</u> (State)	<u>85280-0219</u> (Zip)	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)		
Email Address _____				
On Site Manager: <u>M & M UTILITIES</u>				
(Name)				
<u>P.O. BOX 219</u> (Street)	<u>TEMPE</u> (City)	<u>ARIZONA</u> (State)	<u>85280-0219</u> (Zip)	
<u>480-966-5804</u> Telephone No. (Include Area Code)	<u>480-967-7857</u> Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)		
Email Address _____				

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: NEIL FOLKMAN
(Name)

2501 E. PALO VERDE PHOENIX ARIZONA 85016
(Street) (City) (State) (Zip)

602-956-1690
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Attorney: _____
(Name)

(Street) (City) (State) (Zip)

Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|--|
| <input type="checkbox"/> Sole Proprietor (S) | <input checked="" type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co-op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|-------------------------------------|--|-----------------------------------|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input checked="" type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

COMPANY NAME *BERNEIL WATER COMPANY*

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights	<i>400</i>	<i>- 0 -</i>	<i>400</i>
304	Structures and Improvements	<i>28,460</i>	<i>19,324</i>	<i>9,136</i>
307	Wells and Springs	<i>244,682</i>	<i>189,568</i>	<i>55,115</i>
311	Pumping Equipment	<i>291,936</i>	<i>164,886</i>	<i>127,050</i>
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	<i>225,447</i>	<i>172,107</i>	<i>53,340</i>
331	Transmission and Distribution Mains	<i>893,393</i>	<i>581,769</i>	<i>311,624</i>
333	Services			
334	Meters and Meter Installations	<i>102,713</i>	<i>63,344</i>	<i>39,369</i>
335	Hydrants	<i>59,249</i>	<i>13,170</i>	<i>46,079</i>
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	<i>21,012</i>	<i>6,241</i>	<i>14,771</i>
340	Office Furniture and Equipment	<i>4,643</i>	<i>981</i>	<i>3,662</i>
341	Transportation Equipment	<i>32,148</i>	<i>3,214</i>	<i>28,934</i>
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	<i>1,904,083</i>	<i>1,214,604</i>	<i>689,479</i>

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME *BERNEIL WATER COMPANY*

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights	400	- 0 -	- 0 -
304	Structures and Improvements	28,460	5%	1,423
307	Wells and Springs	244,682		12,234
311	Pumping Equipment	291,936		14,597
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	225,447		11,272
331	Transmission and Distribution Mains			
333	Services			
334	Meters and Meter Installations	102,713		5,136
335	Hydrants	59,249		2,962
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	21,012	↓	1,051
340	Office Furniture and Equipment	4,643	5%	232
341	Transportation Equipment	32,148	20%	6430
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	1,904,083		100,099

This amount goes on the Comparative Statement of Income and Expense _____
Acct. No. 403.

COMPANY NAME *BERNEIL WATER COMPANY*

BALANCE SHEET

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ <i>64,620</i>	\$ <i>134,558</i>
134	Working Funds		
135	Temporary Cash Investments	<i>107,361</i>	<i>44,170</i>
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ <i>171,981</i>	\$ <i>178,728</i>
	FIXED ASSETS		
101	Utility Plant in Service	\$ <i>1,807,484</i>	\$ <i>1,904,083</i>
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	<i>< 1,119,421 ></i>	<i>< 1,214,604 ></i>
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ <i>688,063</i>	\$ <i>689,479</i>
	TOTAL ASSETS	\$ <i>860,044</i>	\$ <i>868,207</i>

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

COMPANY NAME *BERNEIL WATER COMPANY***BALANCE SHEET (CONTINUED)**

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$	\$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits		
236	Accrued Taxes	<i>1100</i>	<i>5100</i>
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ <i>1100</i>	\$ <i>5100</i>
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ <i>69,360</i>	\$ <i>66,658</i>
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	<i>73,846</i>	<i>54,185</i>
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	<i>125,331</i>	<i>141,386</i>
272	Less: Amortization of Contributions	<i>< 33,673 ></i>	<i>< 39,285 ></i>
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ <i>165,504</i>	\$ <i>156,286</i>
	TOTAL LIABILITIES	\$ <i>235,694</i>	\$ <i>228,044</i>
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ <i>25,000</i>	\$ <i>25,000</i>
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings	<i>559,080</i>	<i>615,163</i>
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ <i>624,080</i>	\$ <i>640,163</i>
	TOTAL LIABILITIES AND CAPITAL	\$ <i>860,004</i>	\$ <i>868,207</i>

COMPANY NAME *BERNEIL WATER COMPANY*

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 614,633	\$ 654,815
460	Unmetered Water Revenue		
474	Other Water Revenues	5,612	5,612
	TOTAL REVENUES	\$ 620,245	\$ 660,427
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 178,711	\$ 104,661
610	Purchased Water	88,347	101,401
615	Purchased Power	52,128	55,998
618	Chemicals	733	1,373
620	Repairs and Maintenance	28,677	18,252
621	Office Supplies and Expense	9,729	4,275
630	Outside Services	81,697	171,220
635	Water Testing	3,971	4,520
641	Rents	18,600	22,000
650	Transportation Expenses		23
657	Insurance - General Liability	11,464	16,807
659	Insurance - Health and Life		
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	20,103	5,326
403	Depreciation Expense	95,269	100,099
408	Taxes Other Than Income	46,869	42,110
408.11	Property Taxes	23,055	23,786
409	Income Tax	33,102	-
	TOTAL OPERATING EXPENSES	\$ 692,573	\$ 671,851
	OPERATING INCOME/(LOSS)	\$	\$ <11,424>
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 6,123	\$ 3,739
421	Non-Utility Income		22,618
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	4,314	4,162
	TOTAL OTHER INCOME/(EXPENSE)	\$ 1,809	\$ 22,195
	NET INCOME/(LOSS)	\$ <70,519>	\$ 10,771

COMPANY NAME BERNEIL WATER COMPANY

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	1989			
Source of Loan	TOWN OF PARADISE VALLEY			
ACC Decision No.				
Reason for Loan	PURCHASE WATERLINE			
Dollar Amount Issued	\$ 86,137	\$	\$	\$
Amount Outstanding	\$ 66,658	\$	\$	\$
Date of Maturity	8-31-2019			
Interest Rate	6%	%	%	%
Current Year Interest	\$ 4162	\$	\$	\$
Current Year Principle	\$ 2702	\$	\$	\$

Meter Deposit Balance at Test Year End

\$ 100

Meter Deposits Refunded During the Test Year

\$ 100

COMPANY NAME *BERNEIL WATER COMPANY*

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
<i>55-609543</i>	<i>100</i>	<i>400</i>		<i>12</i>	<i>4</i>	<i>1955</i>
<i>55-627600</i>	<i>350</i>	<i>1400</i>	<i>1285</i>	<i>18</i>	<i>8</i>	<i>1969</i>
<i>55-551370</i>	<i>300</i>	<i>600</i>	<i>1180</i>	<i>14</i>	<i>6</i>	<i>1987</i>

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
<i>PURCH - CAMELBACK GOLF CLUB</i>	<i>1800</i>	<i>212,874</i>
<i>PURCH - CITY OF SCOTTSDALE</i>	<i>550</i>	<i>386</i>

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
<i>40</i>	<i>3</i>	<i>89</i>	
<i>30</i>	<i>1</i>		
<i>20</i>	<i>1</i>		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
<i>100,000</i>	<i>2</i>	<i>5,000</i>	<i>3</i>
<i>135,000</i>	<i>1</i>		

COMPANY NAME *BERNEIL WATER COMPANY*

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2		
3		
4	<i>PVC</i>	<i>630</i>
5		
6	<i>PVC</i>	<i>54,100</i>
8	<i>PVC</i>	<i>3,050</i>
10		
12		
4	<i>AC</i>	<i>3,650</i>
6	<i>AC</i>	<i>28,290</i>
6	<i>DI</i>	<i>6,280</i>

CUSTOMER METERS

Size (in inches)	Quantity
<i>5/8 X 3/4</i>	
<i>3/4</i>	
<i>1</i>	<i>472</i>
<i>1 1/2</i>	<i>18</i>
<i>2</i>	<i>37</i>
<i>Comp. 3</i>	
<i>Turbo 3</i>	
<i>Comp. 4</i>	<i>3</i>
<i>Tubo 4</i>	<i>3</i>
<i>Comp. 6</i>	
<i>Tubo 6</i>	<i>2</i>
<i>TURBO 8</i>	<i>1</i>

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

GAS CHLORINATOR

STRUCTURES:

BLOCK FENCES

OTHER:

COMPANY NAME: *BERNEIL WATER COMPANY*

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2004

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	<i>536</i>	<i>19,721,000</i>	<i>22,011,500</i>
FEBRUARY	<i>535</i>	<i>16,908,040</i>	<i>18,744,500</i>
MARCH	<i>534</i>	<i>19,748,390</i>	<i>19,542,000</i>
APRIL	<i>536</i>	<i>26,013,000</i>	<i>30,191,300</i>
MAY	<i>536</i>	<i>35,047,000</i>	<i>40,031,900</i>
JUNE	<i>534</i>	<i>50,941,000</i>	<i>47,479,500</i>
JULY	<i>533</i>	<i>46,665,000</i>	<i>45,770,800</i>
AUGUST	<i>533</i>	<i>50,671,000</i>	<i>48,441,100</i>
SEPTEMBER	<i>533</i>	<i>39,331,000</i>	<i>35,018,600</i>
OCTOBER	<i>533</i>	<i>41,398,000</i>	<i>45,954,900</i>
NOVEMBER	<i>532</i>	<i>25,128,000</i>	<i>21,031,100</i>
DECEMBER	<i>533</i>	<i>19,177,000</i>	<i>23,344,100</i>
TOTAL		<i>417,561,300</i>	<i>397,561,300</i>

Is the Water Utility located in an ADWR Active Management Area (AMA)?

☒ Yes () No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

☒ Yes () No

If yes, provide the GPCPD amount: 376

What is the level of arsenic for each well on your system. .095 mg/l
(If more than one well, please list each separately.) .110

Note: If you are filing for more than one system, please provide separate data sheets for each system.

ANY NAME BERNEIL WATER COMPANY YEAR ENDING 12/31/2004

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2004 was: \$ 23,785.57

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

ational Bank of Arizona ACCOUNT # C

BERNEIL WATER CO.
100005677

100005677

Processed 06/04/04 \$11840.72 Ch# 1611

100005677

This Statement:
November 30, 2004
PAGE 2 of 3

BERNEIL WATER CO.
100005677

100005677

Processed 11/02/04 \$11944.85 Ch# 1718

23,785.57

YEAR ENDING 12/31/2004

For this reporting period, provide the following:

Amount of Grossed-Up Contributions/Advances:

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

RECEIVED

VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only

MAR 28 2005

AZ Corporation Commission
Director Of Utilities

VERIFICATION

STATE OF _____

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	MARICOPA
NAME (OWNER OR OFFICIAL) TITLE	NEIL FOLKMAN VICE PRESIDENT
COMPANY NAME	BERNEI WATER COMPANY

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2004

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2004 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 694,925

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 40,110
IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 18 DAY OF

(SEAL)

MY COMMISSION EXPIRES

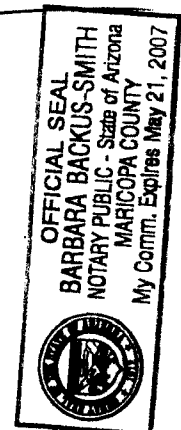
5/24/07

SIGNATURE OF OWNER OR OFFICIAL

TELEPHONE NUMBER

COUNTY NAME	MARICOPA
MONTH	MARCH
YEAR	2005

SIGNATURE OF NOTARY PUBLIC



RECEIVED

VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY

MAR 28 2005

AZ Corporation Commission
Director Of Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <u>MARICOPA</u>	
NAME (OWNER OR OFFICIAL) <u>NEIL FOLKMAN</u>	TITLE <u>VICE PRESIDENT</u>
COMPANY NAME <u>BERNEIL WATER COMPANY</u>	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2004

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

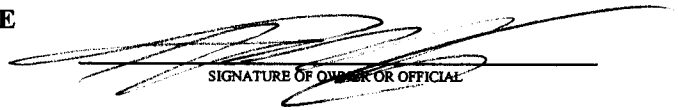
IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2004 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 694,925

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 40,110
IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.


SIGNATURE OF OWNER OR OFFICIAL

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

18

DAY OF

NOTARY PUBLIC NAME <u>BARBARA BACKUS SMITH</u>	
COUNTY NAME <u>MARICOPA</u>	
MONTH <u>MARCH</u>	YEAR <u>2005</u>

(SEAL)

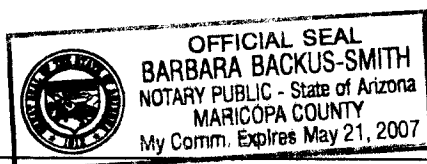
MY COMMISSION EXPIRES

5/21/07

X



SIGNATURE OF NOTARY PUBLIC



Docket No. W-01275A

Year Ending: 12-31-03

Company Name: BERNEIL WATER COMPANYRules to follow in designing the Income Statement and the Balance Sheet:

- A. Arizona Administrative Code, R14.2.1115.F, states that one of the items required in this Annual Report is a statement of income for the reporting year similar in format to R14.2.103, Schedule (C) (1) or similar in format to R14.2.103 Schedule (E) (2). Also, the above-referenced Rule states that the income statement shall be Arizona-specific and reflect operating results in Arizona.

Unfortunately, the two Schedules referenced above are both designed for a rate case filing, and, as such, contain certain terminology, such as "test year", "actual (accounting data) for test year", "pro forma adjustments" and "test year results after pro forma adjustments", and contain references to two prior fiscal years, which are not applicable to this Annual Report. The illustration below eliminates the rate case terminology and presents the two acceptable formats for the statement of income (the first based on Schedule (C) (1) and the second on Schedule (E) (2)):

**** THE INCOME STATEMENT SHOULD RESEMBLE EITHER FIGURE 1A SHOWN BELOW OR FIGURE 1B. (IT IS NOT NECESSARY TO FILE BOTH.) EITHER USE FIGURE 1A OR FIGURE 1B FOR YOUR INCOME STATEMENT FILING. THE INCOME STATEMENT SHALL BE ARIZONA-SPECIFIC, AND REFLECT OPERATING RESULTS IN ARIZONA: ****

FIGURE 1A

<u>Account Description</u>	<u>\$ Amount</u>
Revenues:	660,427
Expenses:	671,851
Operating Income:	< 11,424 >
Net Income:	10,771

Attachment 1

Docket No. W-01275A

Year Ending: 12-31-03

Company Name: BERNEIL WATER COMPANY

B. Arizona Administrative Code, R14.2.1115.F, states that one of the items required in this Annual Report is a balance sheet as of the end of the reporting year similar in format to R14.2.103, Schedule (E) (1). Also, the above-referenced Code section states that the balance sheet shall be Arizona-specific. Unfortunately, the Schedule referenced above is designed for a rate case filing, and, as such, contains certain terminology, such as "test year" and references to two prior Fiscal years, which are not applicable to this Annual Report. The illustration below eliminates the rate case terminology and presents the acceptable format for the balance sheet:

C. **** THE BALANCE SHEET SHOULD RESEMBLE FIGURE 2 SHOWN BELOW AND SHALL BE ARIZONA-SPECIFIC: ****

FIGURE 2

Account Description\$ AmountASSETS

Property, Plant & Equipment: 689,479

Current Assets: 178,728

Total Assets: 868,207

LIABILITIES AND STOCKHOLDERS' EQUITY

Capitalization: 640,163

Current Liabilities: 228,044

Total Liabilities and Stockholders' Equity: 868,207

FINANCIAL INFORMATION

Attach to this annual report a copy of the companies' year-end (Calendar Year 2004) financial statements. If you do not compile these reports, the Utilities Division will supply you with blank financial statements for completion and filing. **ALL INFORMATION MUST BE ARIZONA-SPECIFIC AND REFLECT OPERATING RESULTS IN ARIZONA.**

TO: Public Service Corporations (Water Utilities)

FROM: Director, Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

RE: UTILITIES DIVISION ANNUAL REPORT, CALENDAR YEAR ENDING
DECEMBER 31, 2004

Enclosed is the Utilities Division Annual Report form for the calendar year ending December 31, 2004.

All public service corporations must file a Utilities Division Annual Report with the Commission pursuant to the Constitution of the State of Arizona, Article 15, Section 13; Arizona Revised Statutes, Section 40-204; and Commission Rules contained in the Arizona Administrative Code.

The Annual Report must be completed and filed by **April 15, 2005**. Failure to file an Annual Report by this date will result in the issuance of a complaint and order to show cause resulting in administrative fines. If you require additional time to file your Annual Report, you may make a request to the Commission by addressing a letter to:

**Compliance Section
Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007**

However, you must still file the "VERIFICATION AND SWORN STATEMENT" and the "VERIFICATION AND SWORN STATEMENT RESIDENTIAL REVENUE" forms from the back of the Annual Report form by **MAY 1, 2005**, pursuant to Arizona Revised Statute 40-401.

Mail or deliver the completed Annual Report to:

**Compliance Section
Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007**